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CORRESPONDENCE.

THE ECONOMIC MOVEMENT IN ENGLAND.

CAMBRIDGE, September, 1887.

IN England, for the last quarter of a century, the movement of economic thought has been one of steady and continuous evolution. The later stages of this development do not differ in any very marked way from the earlier ones, except that the rate of advance has increased, while its direction has become more obvious and unmistakable. In attempting, therefore, to give some account of these more recent changes in economic opinion, it will be convenient to begin with a brief sketch of the general movement of which they form the latest phase.

Twenty-five or thirty years ago, English political economy had attained its zenith of popularity and authority, though perhaps at no period in its history was such a position less deserved. It was resting on its laurels, showing no signs of growth or fruit, and indeed supposed by its chief expositor to have almost reached finality; but it was secure in public esteem on account of the commercial prosperity which set in with the second half of the century, and which was popularly attributed to the policy inaugurated in 1846, and it easily carried off honors to which the impartial historian will say that it had but a slender claim. It is true that it had in 1844 placed the English currency upon a footing which was at least honest and solvent. But there was conspicuous want of foresight in the fixity, in face of an expanding trade, of the regulations imposed by Peel's Act, as well as a characteristic limitation in its conception of the objects currency regulation should have in view,—two fatal shortcomings, the bitter effects of which have caused this much boasted legislation to be now estimated at a very modest value. And against whatever must on this score be placed to the credit of English economics we have to set its inability to read the signs of the

times, and its opposition to some of the most successful movements of the century. In its spirit, it was strongly materialistic, sacrificing national welfare to the accumulation of individual wealth. Some of its writers carried capitalism so far as to deplore high wages as a calamity comparable in its effects to a bad harvest. Worst of all, it was distinctly immoral (a more serious defect than immorality, which provokes a reaction), inasmuch as it claimed that economic action was subject to a mechanical system of law, of a positive character, independent of and superior to any laws of the moral world. It is not surprising that all that was best in the literary, artistic, and spiritual worlds rose in revolt and ultimately brought about a contempt for economic teaching, which has unfortunately persisted in many quarters after the just grounds of offence have been removed.

It will be understood that what has been said of the political economy of this time refers to the dominant school, to the writers and thinkers who represented economics as a national and political force. There were never wanting at any time in the century those who had not bowed the knee to the economic Baal; but, with one exception, their voices were powerless or overpowered. The exception, of course, is Mill, the central figure of the transition; susceptible to all the newer influences, but drawn by his over-regard for the authority of a narrow though able clique to adhere to the older forms of expression. Had Mill's education been more scientific and less literary, he might possibly have shaken off these restraints. As it was, he merely put new wine in the old bottles, to the irreparable injury of his logical reputation. His merit is rather political than economical. He rightly seized the importance of the great movement of his time,—namely, the gradual rise of the working class; and he is so absorbed by it that it gives a unity to his great work, and elevates it almost to the dignity of an epic. But, though he thus gave some animation to the dry bones of the old theory, he could not infuse into them any principle of growth. We must look elsewhere for the causes of theoretic advance.

Perhaps the most effective of the influences which gave a new direction to economic study was that exercised by the

rough but inexorable logic of events. When in 1874 the easy flow of prosperity was checked by the demonetization of silver, the glamour cast by this prosperity on the so-called "orthodox" doctrine passed away with it, and the authority of pure commercialism received a severe blow. If we except the question of tariffs, the main tendency of English legislation had for some time involved a reflection,—not of course on any real conclusions of scientific theory, but certainly on the dogmatic maxims which were palmed off as scientific "laws" by the *doctrinaires*. Two great steps have been taken in this century towards the reorganization of industry. One of them is the gradual growth and recognition of the trade societies, built up by a patient persistence, and managed in general with a practical moderation, which entitle those who founded them to the highest rank among the pioneers in the elevation of their class to industrial equality and political consideration. The other is the factory legislation, that lasting monument of the humanity and good sense of the then governing classes. Both these movements were supposed to "violate" economic law. They were condemned by the teaching of the economists, and succeeded in the teeth of their strong opposition. Other legislation proceeding in the same direction has made public provision for education, ordinary and technical, and tends to revive many of the functions of control and guarantee formerly discharged by the guilds. Where there has been reason to suppose that unrestricted bargaining would be to the public hurt, bargains have been regulated. Adulteration Acts, Licensing Acts, Railway Commissions, and last, but not least, the Land Commissions have all qualified rights, which Adam Smith regarded as part of the divine order and the orthodox school held to be the condition of economic prosperity. Private enterprise was dwarfed by the new power of the companies; and Proudhon's paradox, that perfect competition results in monopoly, was seen to be merely a terse expression of undeniable facts. The working classes deliberately revolted against competition, and adopted co-operation, with such success in the limited but important field of distributive industry that their example was quickly followed by others. And on all hands there was

a remarkable revival of the corporate feeling, the most striking instance of which is to be seen in the enlarged powers and heightened energy of the great municipalities. The drift of affairs and its bearing on the old economy could not be mistaken. Everything bore witness to the waning sufficiency of pure individualism and to the gradual development of corporate action and public control. The teaching which was supposed to be summed up in the doctrine of *laissez faire* fell into hopeless discredit. The extent of this discredit may be measured by the fact that the ablest organs of the press, when discussing practical economic questions, will even now often state that such and such is the teaching of political economy, but that this is a case where, in the interests of humanity and common sense, "economic law must be set aside." Misconception could scarcely go further than this or be more fatal to the influence of the economist, but it was not altogether the fault of the public. It was the natural result of the way in which the teaching of the old school contrasted with the exigencies of society and the current of events.

When things are at their worst, they begin to mend. As the power of economic orthodoxy declined, the more progressive influences gained strength. It had been possible to ignore or to suppress men like Sismondi, Cournot, Richard Jones. But Marx, Jevons, and Cliffe Leslie, each quickly created a school. Freed from its cramping fetters, economics fell into line with the other sciences, and shared in the general movement of European thought. In the confusion of the first revolt against authority, it appeared for the moment as if all was antagonism, as if science had been replaced for war of opinion. But it is now clear that the antagonism was mainly due to misunderstanding, and that economic development has really been the result of an advance in three directions, due to three independent, but not opposing agencies. It has been the joint product of theoretic criticism, historical method, and humanistic feeling.

The first corrections which economic theory received in England were rather negative than constructive. They were prompted by the obvious discord between the supposed results of the science and the facts of every-day experience. Thus,

the absurdities of the old wage-fund doctrine, with its corollary of the powerlessness of trades-unions, were exposed by writers like Longe, Sargant, and Cliffe Leslie. Others, among whom Mr. Macleod deserves mention, did much to call attention to the internal contradictions in the received theory. And Cairnes did especially good service in disentangling the science from the dogma which had encrusted it, by clearly distinguishing between political maxims and economic laws. Two publications, both English, though one is also transatlantic, mark epochs in this line of advance. The first serious shock to the old doctrine was given by Mill's concessions to Thornton: the first substantial consolidation of the new appears in the *Wages Question* of General Walker.

But the great advance recently made by theory is not so much due to removal of contradiction, internal or external, suggested by logic or by facts, as to the use of the powerful and essentially scientific instrument of mathematical analysis, practically introduced into English economics by Jevons, in his original and masterly *Theory of Political Economy*. To the influence of this book, and of the teaching of Professor Marshall, who had previously revived and extended the analysis of Cournot, English economics owes a stimulus the full effects of which can scarcely be measured, but which it would be difficult to overrate. It has introduced continuity and precision for the first time into economic reasoning; it has shown how hopelessly the old theory fell below the ordinary scientific standard; it has overhauled the whole system of definitions and assumptions; it has been full of suggestion, both as to unobserved truths and as to the exact limits and best expression of those already observed; it has given organic unity to the science; and, most valuable service of all, it has made it henceforth practically impossible for the educated economist to mistake the limits of theory and practice or to repeat the confusions which brought the study into discredit and almost arrested its growth.

The second of the influences which have determined the recent development of political economy is so conspicuous, so powerful, so emphatically the characteristic influence of the age, that it has somewhat put into the shade the other co-

operating agencies, and has often been wrongly taken to stand for all that distinguishes the new economy from the old. The historic feeling, taking the term in its widest sense, the grasp of the idea of social evolution, with all the consequences which this implies, is certainly an influence of the very first importance in the new movement. Its strength has been derived from three independent lines of study. To the original stimulus resulting from general historical and legal research, as we find it in the works of men like Austin, Sir Henry Maine, and Cliffe Leslie, we must add not merely the influence of biological study, as interpreted in its social analogies by Comte, Spencer, and Darwin, but also the parallel influence of the German metaphysical development, acting on economics partly through the socialistic criticism of Proudhon and Marx, partly by its direct stimulus to constructive work at the universities.

The nature of the change brought about in modern economics by this historical feeling need not here be considered at much length. It has been the subject of endless discussion, and the readers of this journal have had the question most ably and authoritatively laid before them. But, generally, it may be said that, whereas the older school of English economists contented themselves with deducing, more or less loosely, the consequences which would follow on a given set of assumptions,—partly ideal, but supposed in the main to correspond to the facts and institutions of the age, and to be in some sense “natural,” or common to all ages,—the new school take comparatively little interest in the deductions, because they hold that the facts have not yet been carefully observed, that the assumptions have only a remote relation to the facts, that the facts themselves are in process of evolution and change, and that the nature and direction of this social evolution are a far more important object of study than elaborate and complicated deductions, too delicate for practical use, as to the action of economic forces in any particular actual or assumed stage of this evolution. It follows that writers of the historical school are strongly *anti-doctrinaire*; that is, they oppose arrogant and universal dogmatism resting upon crude reasoning and a limited basis of observation. For such doc-

trinairism, they would substitute a method of detailed inquiry, treating each important case on its merits. They would replace the speculative word-play of 1820-40 by statistical inquiry and historical research. At the same time, they are not in any necessary antagonism to economists of the mathematical type. If they only knew it, the mathematical economists are their most effective supporters. There is no greater safeguard against the misapplication of theory than the precise expression of it. No writers have been so truly historical in their use of theory as those who, like Cournot and Jevons, have known its exact limits. If there is a real difference between the two groups, it is rather in regard to the relative value they would assign to theory in the solution of practical difficulties. But this difference exists almost as strongly between the individuals in either group as between the groups themselves taken as a whole; and, in any case, it is a difference of degree rather than of antagonism, and should not seriously disturb the harmony of the economic world.

There is a third economic influence, not infrequently confounded with the historical, but which deserves to be clearly distinguished from it, not only on account of its well-marked individuality, but still more on account of its growing and resistless political power. It may be described as the moral and humanistic criticism of our economic life and institutions. It is concerned with ideals, as the pure theorist is with hypothesis and the historian with fact. It is a form of economic thought which has always been powerful in England. One memorable manifestation of it led to the abolition of slavery; another carried through the factory legislation; a third tried in vain to reverse the new poor-law reform; and a fourth, in which Kingsley, Maurice, Mr. Hughes, and the Christian Socialists generally, took part, attempted with partial success to introduce the principle of industrial co-operation. The strength of this school of writers lies in their opposition to materialism and in their healthy estimate of the real objects of existence. Their weakness is that they sometimes allow reason to be overbalanced by emotion, and in such cases sow the seeds of a greater misery in the future from their sensitive desire to relieve the undoubted misery of the present. Their

attitude towards competitive capitalism is, in general, a hostile one. They have doubts as to the sufficiency and invariably beneficent action even of the most perfect competition; they are still less inclined to respect the actual scramble and struggle for existence which passes for competition. They, therefore, even more than the writers of the historical school, are apt to regard themselves as in antagonism to the theoretical economist. But here, too, the antagonism is only partly real, and is mainly the result of a misunderstanding. If the theorist, the historian, and the moralist keep strictly within the bounds of their several inquiries, they will aid and not conflict with each other; and the best proof of this is to be found in the fact that there are economists in most countries, as, for example, General Walker in the United States, Jevons and Professor Marshall in England, whom it would be difficult to refer specially to either school. Indeed, the period under review has been as much marked by the convergence of the three lines of inquiry we have noticed as it has been by their separate appearance and individualization.

After this brief review of the general character of English economic development and analysis of the three main lines on which it has proceeded, we may now consider the progress which has been made in each direction during the last few years. As before, it will be impossible to describe the movement of thought without some reference to the course of affairs. It is true that legislation has affected to advance in independence of economic teaching. But it has not been able to free itself from the influences which have been forming economic opinion; and, if it has sometimes ostentatiously set aside the advice of economists, the results have been such that latterly the disposition to ask for such advice has visibly strengthened. In any case, it is impossible to ignore the mutual interaction of thought and affairs.

To take the intellectual movement first, it has been marked rather by the formation of opinion than by the direct extension of science. No work of the same calibre has appeared since Jevons's *Theory of Political Economy*; but the standard of economic instruction has been raised in a remarkable degree, and the amount of interest and activity in economic

study is greater than at any previous time in our history. Among living writers there is no one who has done so much to bring about this advance as Professor Alfred Marshall. His modest little treatise on the *Economics of Industry*, published at a critical time, was extremely useful in reconstructing the science which had been so rudely assailed. Its theory of value, saturated with the spirit and the best results of mathematical thought, was yet accessible to the mass of readers, who were repelled by the symbolic form of Jevons's work; while, in its handling of practical questions, it showed that a theorist need not be a materialist or a *doctrinaire*, and it gained for economics the forfeited respect of the abler artisans. But Professor Marshall's personal and indirect influence has been even more wide-spread than his book. Half the economic chairs in the United Kingdom are occupied by his pupils, and the share taken by them in general economic instruction in England is even larger than this. Most of these pupils have also passed under the influence of Professor Sidgwick, and have benefited, not merely by the unrivalled critical power of which his *Principles of Political Economy* gives proof, but still more by his teaching as to the essential unity of the Moral Sciences, and his admirable exhibition of the relation of economics to the adjacent moral and political studies. The Cambridge Moral Sciences Tripos, which in its present form is very largely due to Professor Sidgwick's untiring elaboration, is, in a sense, a monument to this side of his economical influence. At Oxford, Mr. Thorold Rogers maintains, almost single-handed, and with world-wide reputation, the historical repute of English economists. He has just added to his well-known works on the history of English Agriculture and Wages a sketch of the first nine years of the Bank of England. In the opinion of many, this able monograph is the most brilliant of his yet published writings. No economist before, except Jevons in his remarkable essay on Cantillon, has shown the same power of making details significant, and of awakening the past until it becomes more living and interesting than the present itself. But work of this sort, valuable as it is, perhaps because of its very permanence, does not color contemporary opinion or found a school. Of recent Oxford men, Arnold

Toynbee went nearest to exerting an influence of this kind, if, indeed, he did not actually achieve it.

It is difficult adequately to describe, to those who have not personally known him, this unique figure among English economists. Sensitive, intensely sympathetic, altruistic almost to asceticism, his intellectual being seemed to rest, like a thin transparent crust, upon a deep suppressed sea of emotion; and at times, when his usually pale, chiselled features were lit up with a flash of insight or an eager, eloquently expressed conviction, he seemed like one inspired, and he certainly inspired in no ordinary degree those with whom he came in contact. It was a character and an influence which does not lend itself to classification. Perhaps Toynbee was least interested in pure theory, most in matters of morality and conduct. But he warmly sympathized with every branch of economic inquiry, and had a particularly firm grasp of the essential principles of the science affecting industrial questions. Nothing, indeed, was more remarkable in him than the unwonted combination, with great vividness and fluency of expression and an enthusiastic, lofty temper, of a clear grasp of theory and infinite patience for detail. It will easily be understood that the influence of such a man, though necessarily cut short and limited by his early and tragic death, was extremely strong within the circle to which it reached. It has been preserved and extended by the formation of Toynbee Hall and the Denison Club, both of them founded to promote that spirit of personal service and direct sympathy with the weaker and less fortunate classes which was so strong in Toynbee himself. Toynbee Hall, designed to bring young men face to face with social problems by planting them in a poor and neglected quarter of London, and to focus attention and train effort which might otherwise be scattered or misdirected, has so far been a powerful factor in English opinion. It has already given rise to a number of imitations, each doing good service in its way; but, in most of these, the philanthropic spirit has clothed itself in distinctive forms, which make it difficult to distinguish the social aim from the ordinary religious propagandism. The more economic tendency of Toynbee's influence is better traceable in the humanized policy of charity organization, in the

new attitude of Oxford to the Co-operative and University Extension movements, and in the tone of the press, which is largely guided by Oxford men.

In the world of business and statistics, no name stands higher than that of Mr. Giffen, the present head of the Statistical Department of the Board of Trade. Mr. Giffen's knowledge of English business and finance is extremely wide, and his grasp of statistical facts is unrivalled. No one finds his way so surely through the snares and intricacies of official returns, and there is no English statist whose results are studied with more interest and respect. As Mr. Giffen's bias does not incline towards rashness or unnecessary change, he is more frequently found moderating than leading in proposals for economic reform. But in another respect his influence has been both marked and progressive. He has perhaps done as much as any living writer to replace speculation by statistics and to introduce the historical method in the treatment of questions of the day, while he has distinctly extended economic theory in the departments of banking and finance.

Space will only permit of a very inadequate notice of what is being done by the numerous other writers dealing with economical studies. Mr. Edgeworth has made, and is still continuing, a very elaborate and able series of papers on statistical methods and other points of abstract theory. Professor Nicholson, besides valuable writings on the land and other questions, has made effective contributions to the theory of money, and to the cause of bimetallism, which is rapidly gaining ground in this country. Mr. P. H. Wicksteed is specially devoting himself to the development of theory on the lines of Jevons's method of final utility. The merits of this method, which are so generally recognized in Holland and Austria, have been more fully appreciated of late in England. Mr. Patrick Geddes continues the biological influence, and has done good service by criticising economic methods and results in the light of the latest biological analogies. Excellent historical work has been done by Mr. Bonar in his volume on Malthus, by Mr. Cunningham in his *Growth of English Industry and Commerce*, by Mr. Stephen Dowell in

his *History of Taxation*, and by Mr. Hubert Hall in his *History of the Customs Revenue*; and much attention has been paid by various writers to the history of banking in general, and especially to the history of banking in Scotland and the part played in it by the £1 note.

It is not, however, by an enumeration of works of this class that we can adequately measure the activity and importance of economic thought in England during recent years. The great bulk of the literature which it has put forth is neither academic, theoretic, nor historic, but is concerned directly with practical questions; and much of it is ephemeral in its form, though not in its effects. The land question in all its manifold aspects has been pressed to the front. The chronic Irish difficulties, the increase of population, the fall of prices, and high farming have all made some modification of the old *régime* imperative. The net result is that, if the present Land Transfer bill becomes law, scarcely a shred of the old feudal tenure will remain. Land will have been completely commercialized; and occupying ownership, though necessarily a luxury in a country where land sells for thirty to forty years' purchase, will probably become rather the rule than the exception. Meanwhile, it is certain that the short-sighted policy pursued in regard to Irish land has sown a strong leaven of socialism throughout the entire kingdom, more especially in Wales and the Highlands of Scotland. The most serious sign of this is probably the tithe agitation in England. It is impossible to ignore the fact that the obligation of contracts, where they relate to land, is sensibly impaired. The new doctrine seems to be that a land contract may be repudiated if, owing to change of circumstances, it is inconvenient to one of the parties. If this limp and plausible principle should obtain increased acceptance, and be extended to the sphere of ordinary business and finance, the results will be somewhat startling.

Next to the land question, the prolonged trade depression has attracted most notice. It is not denied by any one now that there has been a heavy drag on industrial progress ever since 1874, resulting in a greatly lessened rate of increase of capital, profits, and wages, and in a generally severe pressure

on all classes. The agricultural interest has suffered most; but the artisans have borne their share, and the funds of the trade societies have been drained very low; while, as usual, there has been much misery among the weak and shiftless class which lies on the margin of pauperism. The prolonged nature of the depression has powerfully stimulated inquiry. It has led to the appointment of three important commissions, and to other less official investigations. A great and needed impulse has been given to technical education, and the whole question of apprenticeship has been rescued from the neglect it suffered during the reign of *laissez faire*. There has been a wide-spread revival or creation of trade and professional guilds, and great municipal activity in providing artistic and other instruction. The Commission on Trade has led to the result which every economist foresaw. It has found the main cause of the universal depression in the fall of prices, and a Currency Commission is still investigating this latter question. But those who advocated the Commission on Trade are understood to have expected recommendations of a very different sort. The industrial disturbance caused by the constant increase in foreign tariffs has roused very bitter feeling in many parts of the country. The half-ruined farmers and landlords are complaining of the unequal competition with Indian wheat, and probably nothing but the peculiar character of our land system has prevented the imposition of a moderate duty on corn. At any rate, the belief in free trade is somewhat less confident and rigid. The fair-trade agitation of 1849 has been revived with considerable success. List's *National System of Political Economy* was translated into English in 1885; and an active, clever propaganda has been maintained by the Fair Trade League for some years, under the direction of Mr. Eckroyd. Whether this movement, so long as it was confined to purely commercial considerations, would ever have achieved any substantial success, may be doubted. But it is much aided by the remarkable growth of English national feeling. Imperial federation is one of the most influential movements of the day. It is warmly supported by the press, spoken of by both political parties with respect, and taken up with enthusiasm by the younger generation. It is

true that there is an equally strong set of opinion in favor of a certain kind of decentralization, owing to the growth of municipal feeling and the increasing weight of public functions. But the federation principle is rather complementary than antagonistic to reasonable decentralization. However this may be, it is impossible to ignore the strength of the new national feeling. We seem already to be separated by a whole age from the "Perish India" period. And, whether or not nationalism will leave its mark on our tariffs, we cannot doubt that it will influence our legislation and foreign policy.

Nothing better illustrates the difference between the old and new schools of economics than the history of recent English opinion on the currency question. Ten years ago, any one who professed himself a bimetallist would have been scouted as plainly ignorant of elementary principles of political economy. The few remarks devoted by Mill to the currency system of half the commercial nations show that he did not even seize its main idea. In the true spirit of Ricardianism, it was generally held that the normal value of the monetary metals depended solely on their cost of production. The influence of demand was wholly ignored, and consequently a system which was based on an automatic adjustment of demand to the variations of supply was regarded as an attempt to interfere with "natural" prices and to "violate economic law." All this is now altered. It is admitted by all competent persons that the real questions at issue are very narrow and difficult; that they do not concern economic law or the conclusions of theory, but depend upon differing estimates of obscure facts, or of future events, or of the balance of mercantile and general convenience. Instead of being burlesqued as an elementary blunder in theory, bimetallism is now treated as a serious and practicable proposal for dealing with admitted difficulties. But the commission is not likely to adopt heroic measures. English monetary opinion is conservative, and the present course of prices is not unfavorable to the moneyed interest. It is possible some palliatory measures may be recommended; as, for instance, an issue of £1 notes, which, besides offering several direct advantages, would greatly facilitate any further and more radical change.

Passing to recent industrial movements and the state of opinion in reference to them, it may first be observed that there has never been a time at which the artisan classes wielded so much political power as at present. Thanks to their trades-unions and the sensible action of their Parliamentary Committee, there is now a compact body of labor members in the House. The influence of this group is great and increasing, far in excess of that due to its size. One of its members held an under-secretaryship in the last government; another ranks among the most respected men in Parliament. The new Labor Bureau of the Board of Trade, to which Mr. Burnett, the able Secretary of the Amalgamated Engineers, is attached, promises under Mr. Giffen's direction to be of extreme value; and it is one sign of the importance attached by government to working-class interests. In fact, it is hardly too much to say that the influence of the artisans has displaced that of the middle class as the dominant political force. So far as the opinion of this class can be gathered from the written expressions of its leaders, it would seem still to be distinguished by its soberness and practical sense. Most of the proposals advocated are practicable and detailed. They ask for further development on tried and approved lines. This is observable, for instance, in the papers at the Industrial Remuneration Conference in 1885, and in the annual reports of the trades-unions and their Parliamentary Committee. Of late years, a slight shade of Marxism may be detected in some of these documents; but, on the whole, the imported socialism of a certain class of London and semi-foreign labor does not seem to have taken any great hold on the abler and more responsible artisan leaders. They are very far from being revolutionary, and they have nothing to gain from revolution. They desire more direct political representation and more attention on the part of government to industrial questions. They have suffered severely from irregular employment, and some still work under injurious conditions and receive wages forced down by unequal contracts. But they do not aspire towards a semi-military state organization of industry. They desire ultimately to control their own industrial enterprises, or at least to share in their control. Co-operative

production has not yet taken a considerable position in English industry; but it is an ideal towards which progress is being made, and which is never lost sight of. Meanwhile, some steps towards industrial stability are being made by the use of sliding scales, valuable accounts of which have lately been given by Professor Munro and Mr. Price; and there is no reason why the principle of profit-sharing, so ably advocated by Mr. Sedley Taylor, and so successful in France, should not gain greater acceptance here.

It is rather among the middle classes that socialistic theories are most discussed. Mr. H. George's land proposals and the recently translated *Capital* of Karl Marx both found sympathizers in this social stratum. They were well calculated to appeal to the somewhat *dilettante* enthusiasm of those who were educated enough to realize and to be revolted by the painful condition of the poor, but not patient or hard-headed enough to find out the real causes of this misery, nor sufficiently trained to perceive the utter hollowness of the quack remedies so rhetorically and effectively put forward. A number of socialistic periodicals and organizations mark the new tendency of this class. With few exceptions, however, the periodicals are weak; and the organizations, as usually happens, in their rapid propagation by fission, pay an unconscious homage to the principle of individualism. More important than this socialism of culture is the change in the attitude of the Christian Churches. They are, undoubtedly, becoming more democratic and socialistic. The attitude of the Roman Church in Ireland may be regarded as exceptional. But it is not very different from that of the ministers in Wales and the Scottish Highlands. There is also a revival of Christian Socialism in London, as witness the writings of the warden of Toynbee Hall, and the newly founded Methodist *Times*. Much of this influence, though here classed as socialistic because it invokes the corporate action of society and qualifies the rights allowed by individualism, is, of course, non-revolutionary in its method. It is mainly founded on a remarkable development of sympathy with the poorer classes, due to a keener moral sense, and to wider publicity and larger franchises, through which these classes are now better known.

The development of art, too, has not been without its effect in recalling men from commercialism to consider the simple, eternal ends of life and the ideal conditions of healthy existence. Mr. Ruskin, in particular, has been a great economic force, as readers of his writings will not require to be told; and Mr. William Morris is another example of the socialistic leaning of the artistic temperament. Upon the whole, public opinion is becoming increasingly sensitive to social suffering and to social needs. The new aspirations find expression in such work as that of charity organization, improving the dwellings of the poor, providing accessible recreation, and bringing the best instruction to the doors of the masses of the people. All this cannot fail to increase our knowledge of the causes of misery, at the same time that it calls out and reinforces the motive power necessary to deal with them. Tending, as it does, to stimulate the economic imagination and to incite to patient research, the apparent reaction against economic teaching will prove, in the long run, to have greatly aided its reconstruction and widely extended its influence.

Nothing, indeed, can well be more promising than the present outlook for economic science in this country. In spite of a little superficial and formal difference between its expositors, they are in substantial agreement as to the method and treatment of the study. Different relative values may be assigned by different economists to theory, history, and statistics; and there is a certain difference as to social ideals and as to the best means of realizing them. But, when we come to specific results and to actual researches, the disagreement is really less than in most other studies. If the present writer, after an exceptionally large experience in examining, may venture to single out the writers who seem to have most influenced serious students in this country, he would be inclined to name General Walker, Professor Marshall, Jevons, Dr. Sidgwick, Cliffe Leslie, Mr. Ruskin, and the German socialists. And nothing is clearer than that, whatever apparent discordance there may be between the various members of this group, the new school of economy can and does assimilate the best part of the teaching of them all, without any sense of inconsistency or contradiction. The position of this school in England is

not very different from that maintained by Professor Wagner in Germany or that laid down by the editor of this journal in his introductory article. To the present writer, it seems, however, that Professor Dunbar in describing the new school characterizes it by its extreme wing rather than by its centre, and consequently hardly does justice to the importance of the change of attitude. He regards the movement as a conflict between the supporters of the deductive and inductive methods. No doubt, this has been stated in so many words by some of the new school; but it does not represent their practice and their real meaning. Mr. Thorold Rogers, for instance, thus states his own view in the preface to his new book: "Speculative political economy has been a most dangerous guide; nothing but inductive economy is to be trusted as an interpreter of facts. We are as yet in the infancy of that phase of the science." But it is clear that Mr. Rogers has no quarrel with the deductive method. He uses it freely and often with signal success in this very work. It is speculative and not theoretical economy which is to be condemned. Induction is a necessary part of this theoretical economy, and no doubt theoretical economy of a really scientific kind largely remains to be written. Of pure theory proper, Jevons is almost the only English representative. There is no quarrel with such theory, nor with its inductive basis.

What the new school protest against is: first, the unscientific and meagre way in which deduction was used; secondly, the unwarrantable dogmatism with which this loose "deduction" was applied to practice; thirdly, the exaggerated estimate of the importance of theory, even when applied with the greatest care. In their view, though it is worth while to study, and therefore worth while to study accurately, the workings of private interest under a system of competition, yet human nature is not all self-interest, real or fancied, nor is the social structure wholly competitive. They have quite done with the old notion, that a positive science of economics can be constructed, which even in the industrial sphere can be independent of morality and justice, purely rigid and mechanical in its principles. Every one can see that *laissez faire*, formerly a foregone conclusion, is now scarcely even a presump-

tion. But this is only half the change. It is the mechanical, unmoral economics, even more than the policy of *laissez faire*, which the new school has banished to Saturn. The state, said M. Thiers, in a famous and memorable passage, must act as an honorable man would act. The new school hold, what is quite as important, that a man must act as honorably in his industrial capacity as he would in his private relations. They will not allow him, by pleading "the state of the market," to excuse himself from the ordinary obligations of humanity. With the old school, the worst scandals were calmly referred to "demand and supply," as though such a reference were final. With the new school, if the conditions of the market are such as to lead to injustice or to swell the mass of social wreckage, these conditions must be overhauled, and as far as may be rectified. It is their decided conviction that, if competition is to remain the basis of economic relations, society must see that it is so held in check that it shall not violate the older and deeper principles of justice and humanity.

Such a change of view is surely of the highest significance; and, as it has been gradually realized by the English public, the effects have been most marked. The philanthropic feeling, the artistic aspirations, the moral enthusiasm, which a generation ago concentrated themselves in an attack on materialistic economy, now gladly co-operate with economists, and seek their advice. There is a general awakening of interest in the study. Social and economic unions are springing up in all parts, particularly in the university towns. In Oxford and Cambridge, the University Extension movement, originated by Professor Stuart, is largely based upon economic and social interest, and in its turn has greatly contributed to give a practical tone to the younger economists, and to put them in sympathy with the industrial classes. In Scotland, the economic revival is equally patent. Edinburgh has its Social Union, Glasgow and other towns their economic societies; and the University Extension movement is already set on foot north of the Tweed.

With us as with you, the desire is everywhere felt for an organization which shall unite and concentrate these new and growing interests. The Statistical Society, which celebrated

its jubilee in 1884, is larger and more useful than ever; but it prefers to confine itself mainly to work of the numerical or descriptive order. It is proposed to form an economic society which would be wider in its purposes. It would aim at the advancement of theory, at the consolidation of economic opinion, at the encouragement of historical research, and at the criticism and direction of industrial and financial policy. In time, no doubt, it would acquire a valuable library and furnish students with the necessary bibliographical aids. It might also publish a journal, undertake a series of reprints and translations, and compile a dictionary. All this is at present in the clouds. But it is scarcely doubtful that we shall shortly follow the lead so ably set us on your side of the Atlantic. Meanwhile, we heartily wish success to your association, and tender our appreciative thanks for your most admirable and welcome journal.

H. S. FOXWELL.